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USDOC FOR 532/OEA/M. NICKSON-D/J. BANKINES/J. HATFIELD
USDOC FOR 3131/USFCS/OIO/ANESA/KREISSL
USDOC FOR 4530/MAC/ANESA/OSA
ICE HQ FOR STRATEGIC INVESTIGATIONS
STATE FOR EB/ESP

E.O. 12958: N/A

TAGS: ETTC ETRD BEXP IN

SUBJECT: EXTRANCHECK: POST-SHIPMENT VERIFICATION: SABERO ORGANICS
GUJARAT LTD., DIST. BULSAR, GUJARAT

REF: USDOC 00258

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12(c) of the Export Administration Act.

¶2. Acting Export Control Officer (ECO) David Nardella and BIS FSN Prem Narayan conducted a Post-shipment Verification (PSV) at Sabero Organics Gujarat Ltd. (Sabero)), Dist. Bulsar, Gujarat, on February 13, 2007. Sabero's Corporate Office is in Mumbai and plant is located approximately 200 kilometers north of Mumbai.

¶3. BIS requested a PSV at Sabero, a private sector company, located at: Plot No. 2102, GIDC, Sarigam 396155, Dist. Bulsar, Gujarat, Tel. 91-260-278-0395, Fax: 91-260-278-0853, Email: mp.desai@sabero.com, Website: www.sabero.com. The PSV was requested under EAR99/NLR. Sabero was listed as Ultimate Consignee for one transaction of Tergitol 15-S-5 and S-7 Surfactant. The exporter was The Dow Chemical Company (Dow), Freeport TX.

¶4. ECO along with FSN Narayan met with J.S. Sethi (Sethi), Director-Corporate Affairs, V.K. Behl (Behl), Chief Operating Officer, M.P. Desai (Desai), Senior General Manager and Rajendra Neogi (Neogi), Chief Manager-Stores & Supply Chain, Sabero. Behl stated that the company is managed by two brothers, namely, Mohit Chuganee and Sumit Chuganee who are U.S. citizens.

¶5. Sabero executives had not previously been aware of the BIS export regulations. This was the first USG or BIS official visit to Sabero. They stated that Sabero regularly imports Tergitol 15 - S-5 and S-7 Surfactant from Dow. Neogi provided a set of documentation pertaining to the Dow shipment that contained the Sabero Receipt Note, Receipt for customs duties paid at the Mumbai Port, Transporters Receipt for carrying the commodity from Mumbai Port to Sabero Plant, and Sabero Store Receipt.

¶6. Behl made a comprehensive slide presentation on the various agro-chemicals and specialty chemicals that Sabero manufactures. Included within this slide show was a detailed explanation of the usage and inventory control process for Tergitol 15 - S-5 and S-7, the subject of this check. His presentation included the total quantity of both types of Tergitol that Sabero imported from Dow in June 2005. He stated that the Tergitol is a surfactant for emulsion or oil suspension, is one of the raw materials used for producing various types and standards of Mancozeb, an agro-chemical. Morwet D-425 is used for producing water dispersible granules whereas both types of Tergitols are used for producing oil spray Mancozeb OS. Each is a dithio carbamate fungicide which is widely used against several crop diseases. It is applied prior to the fungus infestation. The particular uses of Mancozeb include control of early and late blight of potatoes and tomatoes, *Rhizoctonia solani*

and *Streptomyces scabies* on sweet potatoes, leaf spot disease on celery, cucurbits, beet, berries, currants, rusts on cereal, vegetables, roses, carnations, asparagus, beans, apples and plums, vines, onions, tobacco, and banana.

¶7. Sabero produces Mancozeb in various forms that include: wettable powder (WP) 75 and 80 percent concentration; water dispersible granules (WDG) 75 percent concentration; suspension concentrate (SC); suspo-emulsion (SE); and oil suspension (OS). He then described the manufacturing process of Mancozeb. First, carbon disulphide is reacted with ethylenediamine in the presence of sodium hydroxide; this results in sodium salt formation. The sodium salt formed is further reacted with manganese sulphate in an aqueous medium. In this reaction sodium ion is replaced by manganese. The product formed is separated from the aqueous by filtration. This initial product is called Maneb. The resultant wet cake of Maneb is mixed with water to form slurry before reacting with zinc sulphate, whereby crude product is formed. Further to this additives like HMTA (hexamethylenetetramine) and SLS (sodium lignosulphonate) are added. The crude product is then dried to get Mancozeb Technical. It once again goes through various manufacturing processes and subsequently Tergitol 15 S-5, S-7 and other additives are added to make the end product Mancozeb OS. A technical product is one that is the base from which a consumer product is made, through the addition of chemicals such as the Tergitol 15-S-5 and S-7 surfactants.

¶8. Behl also produced reconciliation statement for Tergitol 15-S-5 and S-7 for ECO and Narayan to review that reflected the opening and closing stocks and its consumption. After the meeting, ECO and Narayan were given a tour of the Sabero plant. ECO and Narayan were shown the manufacturing process of Mancozeb. They were also taken to two different lockable sheds where ECO and Narayan examined Tergitol 15-S-5 and S-7 stock, and where the end product Mancozeb OS was stored. Sabero runs in three shifts and is guarded 24 hours a

day. As stated by Behl, Sabero's operation and records are transparent, open to viewing and inspection at any time.

¶9. Incorporated in 1991, Sabero started manufacturing in 1994. It is a public limited company listed on the Bombay and the National Stock exchanges in India. Sabero manufactures agricultural chemicals that include acephate-tech & formulation, glyphosate-Tech and formulation, CPP-Tech & formulation, cypermethrin tech & formulation, monocroto-phos tech and formulation, dichlorovos tech & formulation, mancozeb technical, mancozeb 80 percent, mancozeb 75 percent, mancozeb WDG, red mancozeb, blue-green mancozeb, OS formulations, SE formulations and SC formulations. It also manufactures specialty chemicals that include phosphorus trichloride, phosphorus thiophosphorylchloride, trimethyl phosphate (TMP), triethyl phosphate (TEP), phosphorus oxychloride, hydroxyl ethylenedane phosphate, dimethyl methyl phosphate, diethyl ethyl phosphate and tri butyl phosphate (TBP). Sabero executives claim that they are the global leader in TEP (very high purity), the Global leader in TMP (very high purity), and the third largest in the world in Mancozeb and largest in India in glyphosate. Sabero has subsidiaries in Netherlands, Australia, Brazil and Argentina. Of total production, 70 percent of its products are exported and 30 percent are sold in the domestic market. Sabero exports its products to approximately 62 countries including Australia, France, Italy, Russia, South Africa, Switzerland, U.K. and the U.S. Sabero employs 400 personnel including 102 engineers, 142 chemists, 3 Ph.D. Sabero's sales for FY 2006 were approximately \$50 million.

¶10. Recommendation: Post recommends Sabero Organics Gujarat Limited as a reliable user of U.S.-origin commodities. All indications are that the listed commodities are being used for its manufacturing process, and in accordance with the Export Administration Regulations. (DNARDELLA/PNARAYAN) Mulford